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UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH
CENTRAL DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. NATIONAL NOTE OF UTAH, LC, a Utah Limited Liability Company and WAYNE LaMAR PALMER, and individual, Defendants.	TWENTY-SECOND STATUS REPORT OF R. WAYNE KLEIN, RECEIVER <i>For the Quarter Ending December 31, 2017</i> 2:12-cv-00591 BSJ The Honorable Bruce S. Jenkins
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R. Wayne Klein, the Court-Appointed Receiver (the “Receiver”) of National Note of Utah, LC (“National Note”), as well as certain subsidiaries and entities affiliated with National Note and the assets of Wayne LaMar Palmer (“Palmer”), hereby submits this Twenty -Second Status Report for the period October 1, 2017 through December 31, 2017 (the “Reporting Period”).

I.

PROCEDURAL HISTORY

This action (the “Civil Case”) was commenced by the United States Securities and Exchange Commission (the “SEC”) on June 25, 2012, against Defendants Palmer and National Note by the filing of a Complaint in the United States District Court for the District of Utah (the “Court”).¹ The Court held a trial on November 2, 2015 and on November 30, 2015 entered judgment against Palmer and National Note.²

On August 19, 2015, a grand jury indicted Palmer and his cousin, Julieann Palmer Martin. On February 5, 2017, both pleaded guilty. Palmer pleaded guilty to two felony counts: a scheme and artifice to defraud and money laundering. Ms. Martin pleaded guilty to one felony count of concealing fraud by another. The sentencing hearing originally scheduled for November 29, 2017 was postponed while the Court considers briefing on the amount of restitution owed. Briefing is due to be completed in February 2018. A new sentencing hearing has not been set.

II.

REAL ESTATE TRANSACTIONS

Attached hereto as Exhibit A is a chart setting forth the status of all real properties in the Receivership Estate as of December 31, 2017. Five primary properties remain in the Receivership Estate: 39 lots located in the “Elkhorn Ridge” subdivision in Malad, Idaho; the “Deer Meadows” property located near Duchesne, Utah; one industrial lot located in the “Byron Industrial Park” in Minnesota; the “Overland Trails” property located in Eagle Mountain, Utah;

¹ Docket No. 1.

² Docket No. 1043.

and the “Expressway Business Park” land located in Spanish Fork, Utah. Progress was made in the sale of three of these properties during the Reporting Period.

A. Real Property Sales Closed During the Reporting Period. The remaining holdings at the Expressway Business Park, consisting of approximately 30 acres of real property, were sold at a Court-authorized auction held on November 13, 2017.³ Five bidders qualified to participate at the auction, and the auction produced a high bid of \$775,000. The sale to the highest and best bidder closed on December 22, 2017. After payment of closing costs, sales commissions, and nine years of unpaid property taxes (\$250,093.18), net sales proceeds in the amount of \$471,921.51⁴ were deposited in the Receivership Estate’s Real Estate Holding Account inasmuch as there are disputed ABI and trust deed interests which have been recorded against the property. The Receiver believes that these interests will be withdrawn or invalidated.

B. Property Offers Subject to Court Approval. During the Reporting Period, the following progress was made related to two properties:

1. Elkhorn Lot #25. On November 6, 2017, the Receiver filed a *Motion Requesting Order Approving Sale of Elkhorn Lot 25 Free and Clear of Interests and Memorandum in Support*, seeking Court approval to sell Elkhorn Lot #25 for \$25,200.⁵ On December 4, 2017, the Court entered an *Order* related to the publication notice published in

³ Docket No. 1320.

⁴ Docket No. 1335 (*Receiver’s Notice of Public Sale Results (Expressway Land, Spanish Fork, UT)*).

⁵ Docket No. 1321.

newspapers in Salt Lake City, Utah and Malad, Idaho.⁶ A hearing on this Motion was conducted after the close of the Reporting Period, on January 16, 2018, and the Motion was granted. The closing and results of this sale will be described in the next Status Report.

2. Byron Industrial Park. In late December, after years of attempting to sell this property, the Receiver reached an agreement in principle for the disposition of this property in a manner that will benefit the Receivership Estate. Debts for development bond assessments and property taxes appear to exceed the market value of the property. Nonetheless, under the contemplated agreement, the Receivership Estate will be paid \$10,000 to release its interest against the property. The Receiver will report on the contemplated motion seeking Court approval of this agreement in his next Status Report.

C. Other Actions Related to Property Sales. Although the Deer Meadows property has been marketed for sale for several years, there has been nominal interest in it. Accordingly, the Receiver has reconsidered his options related to this property, and has determined that he needs further information about the value of the property and a new agent to assist him in selling the property. On December 22, 2017, the Receiver filed a *Motion for Court to Appoint Appraiser for Deer Meadows Property and Memorandum in Support*, which was granted by this Court by *Order* entered on January 2, 2018.⁷ Additionally, the Receiver has engaged a new listing agent, and he hopes that obtaining a fresh valuation of the property and the new listing broker will generate interest in the property.

⁶ Docket No. 1328.

⁷ Docket Nos. 1334 and 1136.

III.

STATUS OF REAL ESTATE INTERESTS

A. **Assignments of Beneficial Interest (“ABIs”)**. As noted in prior Status Reports, all but three of the 349 ABIs issued by National Note to investors have been voluntarily released or resolved. This Court has ruled that the remaining three ABIs are invalid,⁸ but the holders of those ABIs filed an appeal of the Court’s Judgment on December 22, 2016 in the United States Court of Appeals for the Tenth Circuit (the “ABI Appeal”).⁹ The matter was referred to mediation, but efforts by the Tenth Circuit mediator failed to produce a settlement.

On October 30, 2017, the Tenth Circuit requested supplemental briefing on whether the ABI Appeal was filed timely, whether the pending sale of certain property made the appeal moot, and the effect on the ABI Appeal of one of the Appellant’s allowed proofs of claim. Supplemental briefs were filed with the Tenth Circuit by both parties, and the Appellants filed a motion in this Court entitled “FRCP Rule 60 Motion to Correct Docketing Error” (the “Rule 60 Motion”).¹⁰ The Receiver filed a Response to the Rule 60 Motion.¹¹

After oral argument on November 15, 2017, the Tenth Circuit partially remanded the ABI Appeal to this Court for the purposes of a ruling on the Rule 60 Motion. The Court held an evidentiary hearing on November 28, 2017, and at the close of the hearing, the Court requested

⁸ *Klein v. Adams*, Civil No. 2:14-CV00614, Docket No. 525 (Memorandum Decision entered Oct. 25, 2016); Docket No. 526 (Judgment entered Nov. 14, 2016).

⁹ Case No. 16-4215 (10th Cir.).

¹⁰ *Adams*, Docket No. 539.

¹¹ *Id.*, Docket No. 540.

post-hearing briefs. Both the Appellants and the Receiver filed briefs, and the matter is currently under advisement.¹²

B. Deeds of Trust. Of the thirteen properties on which deeds of trust had been recorded at the time of the Receiver's appointment, all deeds of trust have been satisfied or released except as to the two properties noted below.

1. Overland Trails, Eagle Mountain, Utah: There are six deeds of trust remaining and recorded against this property, claiming to secure a total of \$252,136.91 in debt. The Receiver does not believe that all of these deeds of trust are valid, but he is attempting to sell the property before incurring expense to dispute the interests.

2. Expressway Business Park, Spanish Fork, Utah: There are three remaining deeds of trust recorded against this property held by Westar Equities, Jeff Sessions, and Evolution Holdings LLC. The Receiver does not dispute the lien held by Westar Equities, and it was paid off at the closing of the sale of this property discussed above. The Receiver disputes the remaining liens, and has demanded release of the liens. On December 28, 2017, Mr. Sessions provided a release of his lien. The Receiver is informed that Evolution Holdings, LLC will also release its lien. These releases will be discussed in the next Status Report.

¹² *Id.*, Docket Nos. 546, 556, 559.

IV.

LITIGATION/SETTLEMENTS/COLLECTIONS

The following occurred during the Reporting Period with regard to recovery efforts:

A. **Wilton Battles Judgment.** After paying \$4,700.00 under the terms of a 2013 Court-approved settlement agreement, Mr. Battles defaulted on his payment obligations. At the request of the Receiver, a confession of judgment was entered on May 5, 2017 in the total amount of \$24,876.82,¹³ and based thereon, the Receiver recorded an interest against property owned by Mr. Battles. On October 2, 2017, the Receiver was served with a summons and complaint by a lender seeking to foreclose its interest in the same property, which included a junior lien that had been filed by National Note. The Receiver notified the plaintiff that its action was stayed by the Receivership Order. The plaintiff in that action has agreed to put the foreclosure proceedings on hold while the Receiver's interest in the property is resolved. In January, after the close of the Reporting Period, the Receiver reached a resolution with the plaintiff. That resolution will be discussed in the next Status Report.

B. **Collection Efforts on Judgments.** The Receiver has pursued collection of 32 judgments and unpaid settlements that he previously obtained on behalf of the Receivership Estate. For each of the judgments, the Receiver investigated the collectability of the judgments, including in many cases (where the amount of the judgment warranted), the employment of a private investigation firm to research the assets that might be available to satisfy the judgments.

¹³ *Klein v. Battles*, 2:13-cv-00560-TC, Docket Nos. 9 & 11.

Seven of the defendants in these judgments have settled with the Receiver and paid the amounts of the settlements.

For another 16 judgments, the Receiver previously determined, based on the results of his investigation, that it would be most beneficial to the Receivership Estate to abandon collection efforts on judgments that would likely be uncollectable due to, among other things, bankruptcy discharge or lack of assets held by the judgment debtor.

At the beginning of the Reporting Period, there were nine judgments being actively pursued for collection. The Receiver has determined to assign four out-of-state judgments to a collection law firm on a contingency basis, continue pursuing four Utah and Nevada defendants through existing arrangements with counsel, and to abandon collection efforts on a ninth judgment. Progress on these plans will be reported in the next Status Report.

V.

INITIAL DISTRIBUTION

On November 14, 2016, the Receiver distributed \$4.49 million to the holders of “Allowed Claimants” who were entitled to a distribution under the *Plan of Distribution* that was approved by the Court.¹⁴ All distribution payments related to the initial distribution have now cleared. When the issues relating to the validity of the ABI is resolved, the Receiver expects to request permission from the Court to make a second distribution to claimants.

¹⁴ The Receiver is holding an additional \$420,960.85 in proposed distributions pending resolution of the ABI Appeal. See *Order Granting Receiver’s Motion for Approval of (1) Proposed Distribution Methodology and Plan of Distribution, and (2) Proposed Initial Distribution as Modified*, Docket No. 1231.

VI.

FINANCIAL ANALYSIS

A. **Receivership Financial Information.** The following financial information is provided for the Reporting Period:

1. **Bank Accounts.** The Receiver maintains two bank accounts for the operation of the Receivership Estate: a general operating account (the “Operating Account”) and an account holding the net proceeds of real estate sales to which disputed interests have attached (the “Real Estate Account”).¹⁵ The balances in these accounts as of the close of the Reporting Period are as follows:

Account	Account Balance
Operating Account	\$962,706.55
Real Estate Account	\$1,433,410.14
TOTAL	\$2,396,116.69

2. **Operating Account Deposits.** The sources of funds deposited into the Operating Account during the Reporting Period are shown in the following table:

Source	Amount In
Settlement agreement proceeds	\$17,300.00
Bank interest	\$129.98
TOTAL	\$17,429.98

3. **Operating Account Expenditures.** The following table shows the

¹⁵ Pursuant to the Court’s *Order Approving the Receiver’s Third Interim Fee Application for Receiver and Receiver’s Professionals for Services Rendered from July 1, 2013 through December 31, 2013*, Docket No. 828, the Receiver has established a separate Savings Account tied to the Operating Account in which he is holding 20% of the professional fees incurred by him and his counsel related to that fee application. Money to open this Savings Account was transferred from the Operating Account. This Savings Account has a current balance of \$122,971.35, and is in addition to the amounts reported below.

categories of operating expenses that have been paid from the Operating Account during the Reporting Period:

Type of Expense	Amount Out
Real estate title reports, taxes, notices	\$2,931.78
Legal fees for collection counsel	\$4,124.48
Storage unit, other operating expenses	\$1,549.40
TOTAL	\$8,605.66

4. Real Estate Account Deposits and Withdrawals. The Real Estate Account saw bid deposits of \$110,000.00, of which \$20,000.00 was returned to unsuccessful bidders, and an additional deposit of \$381,921.51 in sales proceeds for the Expressway Business Park land (discussed in Part II above). A further \$139.50 was earned in interest and \$15.00 was paid as a wire transfer fee.

5. SFAR. Attached as Exhibit B is a copy of the Standardized Fund Accounting Report for the Reporting Period

6. Administrative Expenses. On November 28, 2017, the Receiver filed his *Thirteenth Interim Fee Application* for the Receiver and his counsel, covering the period from July 1, 2017 to September 30, 2017.¹⁶ A hearing on this request was held on January 16, 2018, and the fees and costs requested were allowed by the Court.¹⁷

For the current Reporting Period, the Receiver and his staff have spent a total of 55.2 hours on behalf of the Receivership Estate. Billable services provided by the Receiver during the Reporting Period total \$10,727.50. For the current Reporting Period, Dorsey's total fees, less

¹⁶ Docket No. 1327.

¹⁷ Docket No. 1342.

voluntary reductions, are in the total amount of \$48,059.25 and its out of pocket expenses total \$1,373.40.

VII.

NEXT STEPS

The Receiver anticipates addressing the following priorities in the coming months:

1. Property Sales. The Receiver will continue his efforts to sell the remaining real estate held by the Receivership Estate. He anticipates closing on two properties during the first quarter of 2018. When those sales are closed, there will be only three properties left in the Receivership Estate.

2. Litigation, Settlements, and Appeal. At this point, the only remaining litigation matters are the ABI Appeal discussed above, actions being taken to execute on judgments that have been obtained, and efforts to enforce settlement agreements previously approved by the Court.


VIII.

CONCLUSION

Upon resolution of the ABI Appeal, the Receiver expects to seek Court approval to make a second distribution to those holding allowed claims in accordance with the *Plan of Distribution*. As noted above, the remaining real property will take additional time to sell and collection efforts related to judgments and defaulted settlement agreements may be protracted

and difficult. The Receiver will continue his efforts to close the Receivership Estate as efficiently and quickly as possible.

DATED this 23rd day of January, 2018.



WAYNE KEEIN, Receiver

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that service of the above **TWENTY-SECOND STATUS REPORT OF R. WAYNE KLEIN, RECEIVER** was filed with the Court on this 24th day of January, 2018, and served via ECF on all parties who have requested notice in this case.

/s/ Candy Long

EXHIBIT A

REAL PROPERTIES--STATUS

As of 12/31/17. Investigation Ongoing. All Information Subject to Change.

The numbers in the first column correspond with numbers of these properties as described in the Receiver's First Status Report.

Property Name	Location	Listing Price	Sales Price	Net Sale Proceeds	Status
PROPERTIES CURRENTLY IN RECEIVERSHIP ESTATE					
3 Elkhorn Ridge Estates-39 Building Lots	Malad, ID	Various			Offer received for Lot #25; hearing set for January 4, 2018 [Docket No. 1328]
10 Deer Meadows	Duchesne Co., UT	50,000			New listing broker hired, motion to appoint appraiser filed [Docket No. 1334]
20 Overland Trails	Eagle Mtn., UT	340,000			Appraisal obtained; being marketed; numerous trust deed liens
23 Expressway Business Park-Land	Spanish Fork, UT	1,250,000	775,000	471,921.51	Sale at auction approved [Docket No. 1320]. Sale closed 12/22/17
29 Bear Grove Industrial Park-Block 1, Lot 4	Byron, MN	285,000			Offer received on property; negotiating purchase agreement
PROPERTIES SOLD OR RELEASED					
Property Name	Location	Listing Price	Sales Price	Net Sale Proceeds	Status
1 River Run/Riverbend Subdivision-Land	Middleton, ID	N.A.	N.A.	N.A.	No equity. Court approved release of property to lender [Dkt. No. 590]
2 Single family home: 1st Avenue	Middleton, ID	115,000	105,000	102,461.72	Sale approved [Docket No. 734]. Sale closed 10/15/14
Single family home: Hawthorne Ave.	Middleton, ID	80,000	76,000	69,569.48	Sale approved [Docket No. 804]. Sale closed 11/17/14
3 Elkhorn Ridge Estates-47 Building Lots	Malad, ID				Lots sold to date are:
Lot #1		135,000	155,000	142,834.78	Sale approved [Docket No. 419] Sale closed 8/29/13
Lot #2		35,000	31,500	27,725.00	Sale approved [Docket No. 492] Sale closed 12/6/13
Lot #3		35,000	22,000	19,344.67	Sale approved [Docket No. 1261]. Sale closed 1/31/17
Lot #4		35,000	35,000	30,893.21	Sale approved [Docket No. 231] Sale closed 4/26/13
Lot #5		80,000	80,000	71,803.14	Sale approved [Docket No. 231] Sale closed 4/8/13
Lots #6 & 7		70,000	44,000	39,483.79	Sale approved [Docket No. 1295]. Sale closed 6/9/17
Lot #48		80,000	80,000	73,620.84	Sale approved [Docket No. 231] Sale closed 4/9/13
4 Elkhorn Ridge-4 Undeveloped Parcels	Malad, ID	250,000	240,000	226,369.05	Sale approved [Docket No. 1173]. Sale closed 9/9/16
5 Manhattan Grille Condominium	Manhattan, MT	49,000	51,000	45,933.32	Sale approved [Docket No. 300] Sale closed 6/5/13
6 Twin Pines Apartments	Brigham City, UT	N.A.		172,020.02	Sale approved [Docket No. 736]. Sale closed 9/14/14
7 Ogden Office Building (49% ownership)	Ogden, UT	699,000	600,000	241,836.07	Sale approved via auction [Docket No. 1042]. Sale closed 1/6/16
8 Summit Park Lot	Summit Park, UT	40,000	37,500	32,477.61	Sale approved [Docket No. 135] Sale closed 1/24/13
9 Bandanna Cabin	Fruitland, UT	260,000	260,000	226,374.07	Sale at auction approved [Docket No. 341] Sale closed 10/24/13
11 Outpost/Indian Canyon	Duchesne Co., UT	N.A.	148,222.56	134,068.12	Sale approved [Docket No. 269] Sale closed 8/21/13
12 East Meadows Mobile Home Park	Vernal, UT	N.A.	1,025,000	979,620.29	Sale approved [Docket No. 292] Sale closed 7/29/13
13 Quail Hollow Apartments	Vernal, UT	N.A.	N.A.	N.A.	Determined not owned by Receivership Estate
14 Residential Building Lots at 900 West	Salt Lake City, UT	N.A.	70,000	65,295.00	Sale approved [Docket No. 263] Sale closed 5/8/13
15 Cottonwood Road Property-4 acres	Salt Lake City, UT	N.A.	N.A.	N.A.	No equity; court approved release of property to lender [Dkt. No. 179]
15 Cottonwood Road Property-1 acre	Salt Lake City, UT	N.A.	291,000	279,189.07	Sale at auction approved [Docket No. 495] Sale closed 11/8/13
16 National Note Office Building	West Jordan, UT	285,000	285,000	55,903.09	Sale approved [Docket No. 161] Sale closed 3/19/13
17 Palmer Residence	West Jordan, UT	N.A.	N.A.	N.A.	No equity. Court approved abandonment of property [Dkt. No. 869]
18 Star Pointe Development	Salt Lake City, UT	N.A.	N.A.	70,000.00	Court approved settlement agreement with lender [Docket No. 608]
19 Autumn Ridge Subdivision-Phase I	Eagle Mtn., UT				
Phase I-Lot #2		37,000	39,900	35,635.21	Sale approved [Docket No. 692]. Sale closed 7/8/14
Phase I-Lot #3		37,000	39,900	35,711.84	Sale approved [Docket no. 644] Sale closed 5/1/14
Phase I-Lot #4		37,000	37,000	30,821.91	Sale approved to builders [Docket No. 293] Sale closed 6/3/13
Phase I-Lot #6		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
Phase I-Lot #7		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13

	Phase I-Lot #8		37,000	37,000	31,554.15	Sale approved to builders [Docket No. 293] Sale closed 5/31/13
	Phase I-Lot #11		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #16		37,000	39,900	35,903.39	Sale approved [Docket No. 696]. Sale closed 7/18/14
	Phase I-Lot #21		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #30		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #33		37,000	37,000	30,775.92	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #39		37,000	39,900	35,903.39	Sale approved [Docket No. 696]. Sale closed 7/18/14
	Phase I-Lot #40		37,000	37,000	30,911.96	Sale approved to builders [Docket No. 293] Sale closed 9/25/13
	Phase I-Lot #41		37,000	37,000	30,857.73	Sale approved to builders [Docket No. 293] Sale closed 8/14/13
	Phase I-Lot #51		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #52		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #54		37,000	37,000	31,554.16	Sale approved to builders [Docket No. 293] Sale closed 5/31/13
	Phase I-Lot #55		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #60		37,000	37,000	31,355.89	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase II-62 Building Lots		N.A.	538,000	446,610.24	Sale approved [Docket No. 460] Sale closed 10/1/13
21	Cedar Fort Land (Fairfield)-8 acres	Fairfield, UT	24,000	25,000	22,274.21	Sale at auction approved [Docket No. 458] Sale closed 11/14/13
21	Cedar Fort Land (Fairfield)-85 Acres	Fairfield, UT	255,000	213,925	242,656.49	Sale approved [Docket No. 1186]. Sale closed 8/12/16
22	Expressway Business Park	Spanish Fork, UT				
	Unit #109		N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 241]
	Unit #305		65,000	69,000	55,840.79	Court approved sale at auction [Docket No. 270] Sale closed 6/27/13
	Unit #204		N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 364]
	Unit #215		N.A.	127,500	112,965.27	Sale approved at auction [Docket No. 393] Sale closed 10/30/13
24	Gooseberry Cabin	Fairview, UT	N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 125]
25	Almond Heights-21 Building Lots	Toquerville, UT	842,000			
	Lot #A-2		159,750	148,200	118,730.60	Sale Approved [Docket No. 1099] Sale closed 3/22/16
	Lot #C-2		34,200	30,780	24,136.91	Sale Approved [Docket No. 1075] Sale closed 3/1/16
	Lot #F		32,300	31,000	24,733.41	Sale approved [Docket No. 988] Sale closed 8/24/15
	Lot #F-3		35,150	31,635	24,887.93	Sale Approved [Docket No. 1075] Sale closed 3/1/16
	Lot #7		38,000	32,000	29,388.95	Sale approved [Docket No. 829]. Sale closed 12/18/14
	Lot #10		38,950	36,000	30,552.54	Sale approved [Docket No. 906]. Sale closed 3/31/15
	Lot #11		37,050	32,000	6,788.12	Sale approved [Docket No. 829]. Sale closed 12/16/14
	Lot #12		38,000	32,000	6,787.90	Sale approved [Docket No. 829]. Sale closed 12/16/14
	Lot #13		37,050	32,000	6,787.75	Sale approved [Docket No. 829]. Sale closed 12/16/14
	Lot #14		35,150	31,635	6,525.25	Sale Approved [Docket No. 1075] Sale closed 3/1/16
	Lot #15		33,250	29,925	6,254.50	Sale Approved [Docket No. 1075] Sale closed 3/1/16
	Lot #17		30,400	24,000	21,752.44	Sale approved [Docket No. 829]. Sale closed 12/11/14
	Lot #18		30,400	27,360	23,562.06	Sale Approved [Docket No. 1075] Sale closed 3/1/16
	Lot #19		22,800	18,600	-1,200.46	Sale Approved [Docket No. 1068] Sale closed 1/25/16
	Lot #20		22,800	18,600	-1,526.81	Sale Approved [Docket No. 1068] Sale closed 1/25/16
	Lot #21					Sale approved [Docket No. 1256]. Sale closed 2/9/17
	Lot #22		11,500	7,700	4,198.82	Sale approved [Docket No. 1256]. Sale closed 2/9/17
	Lot #23		31,350	24,000	20,346.06	Sale approved [Docket No. 998]. Sale closed 9/4/15
	Lot #24		33,250	31,000	26,672.24	Sale approved [Docket No. 998]. Sale closed 9/4/15
	Lot #25		35,150	34,000	29,216.54	Sale approved [Docket No. 951]. Sale closed 5/21/15
	Lot #26		34,200	32,000	27,151.02	Sale approved [Docket No. 829]. Sale closed 12/17/14
26	Kanab Home	Kanab, UT	199,000	197,000	18,162.90	Sale approved [Docket No. 746]. Sale closed 9/4/14
27	Farrell Business Park-12 Units	Gilbert, AZ				
	Unit 103		76,631	101,631	83,997.05	Court approved sale at auction [Docket No. 202] Sale closed 5/31/13

	Unit 104		76,631	101,631	83,997.05	Court approved sale at auction [Docket No. 202] Sale closed 5/31/13
	Unit 105		80,000	92,000	70,392.98	Court approved sale at auction [Docket No. 203] Sale closed 5/21/13
	Unit 106		80,000	97,000	74,832.11	Court approved sale at auction [Docket No. 204] Sale closed 6/7/13
	Unit 107		80,000	90,000	67,699.81	Court approved sale at auction [Docket No. 205] Sale closed 6/7/13
	Unit 109		80,000	80,000	59,194.91	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
	Unit 110		80,000	80,000	59,194.91	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
	Unit 111		80,000	80,000	59,194.92	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
	Unit 113		80,000	107,000	85,094.45	Court approved sale at auction [Docket No. 207] Sale closed 6/3/13
	Unit 114		80,000	107,000	85,094.45	Court approved sale at auction [Docket No. 207] Sale closed 6/3/13
	Unit 115		80,000	80,000	59,288.00	Court approved sale at auction [Docket No. 208] Sale closed 6/11/13
	Unit 116		80,000	80,000	59,288.00	Court approved sale at auction [Docket No. 208] Sale closed 6/11/13
28	Clearview Business Park-8 Units	Mesa, AZ	415,954	737,000	591,295.43	Court approved sale at auction [Docket No. 177] Sale closed 5/10/13
29	Bear Grove Industrial Park-8 Lots	Byron, MN	1,675,200			Property is listed for sale with broker; property encumbered by bond
	Parcel #8516		281,500	210,000	10,000.00	Sale approved [Docket No. 853]. Sale closed 3/27/15
	Parcel #8509		156,700	149,000	98,795.03	Sale approved [Docket No. 849]. Sale closed 3/16/15
	Parcel #8512		305,000	235,000	6,500.00	Sale approved [Docket No. 854]. Sale closed 3/6/15
	Parcel #6060		340,000	235,000	10,000.00	Sale approved [Docket No. 875]. Sale closed 3/24/15
	Lot 3, Block 1 (Parcel #8510)		149,500	149,500	95,340.47	Sale approved [Docket No. 989] Sale closed 9/30/15
	Block 2, Lots 4-5		448,300	448,300	279,963.57	Sale at auction approved [Docket No. 1084] Sale closed 3/31/16
	Block 2, Lot 1		285,000	280,000	34,019.74	Sale approved [Docket No. 1118]. Sale closed June 15, 2016
30	Georgia Single Family Residence	Temple, GA	135,000	125,000	106,843.83	Sale approved [Docket No. 553] Sale closed 1/10/14
31	Chicago Single Family Residence	Chicago, IL	N.A.	N.A.	N.A.	No value; Court approved abandonment [Docket No. 434] Order 9/10/13
32	Cleveland Single Family Residence	Cleveland, OH	N.A.	N.A.	N.A.	No value; Court approved abandonment [Docket No. 434] Order 9/10/13
33	Cleveland Building Lot	Cleveland, OH	N.A.	N.A.	N.A.	No value; Court approved abandonment [Docket No. 434] Order 9/10/13
34	Toledo Single Family Residence	Toledo, OH	N.A.	N.A.	N.A.	No value; Court approved abandonment [Docket No. 434] Order 9/10/13
	Total		10,252,116.00	9,870,743.92	7,132,937.07	

EXHIBIT B

Wayne Klein, Receiver for National Note of Utah
PO Box 1836
Salt Lake City, UT 84110
801-824-9616

STANDARDIZED FUND ACCOUNTING REPORT

Civil – Receivership Fund

Fund Name: SEC v. National Note of Utah
Civil Court Docket No. 2:12-CV-00591 BSJ

Reporting Period 10/01/2017 to 12/31/2017

Standardized Fund Accounting Report for National Note of Utah - Cash Basis			
Receivership; Civil Court Docket No. 2:12-CV-00591 BSJ			
Reporting Period 10/01/2017 to 12/31/2017			
Fund Accounting (See Instructions):			
		Detail	Subtotal
Line 1	Beginning Balance (As of 10/01/2017):	\$2,040,097.79	
	<i>Increases in Fund Balance:</i>		
Line 2	Business Income	\$0.00	
Line 3	Cash and Securities	\$0.00	
Line 4	Interest/Dividend Income	\$284.30	
Line 5	Business Asset Liquidation	\$471,921.51	
Line 6	Personal Asset Liquidation	\$0.00	
Line 7	Third-Party Litigation Income	\$17,300.00	
Line 8	Miscellaneous - Other	\$0.00	
	Total Funds Available (Lines 1 - 8)		\$2,529,603.60
	<i>Decreases in Fund Balance:</i>		
Line 9	Disbursements to Investors	\$0.00	
Line 10	Disbursements for Receivership Operations		
Line 10a	Disbursements to Receiver or Other Professionals	\$0.00	
Line 10b	Business Asset Expenses	\$8,605.56	
Line 10c	Personal Asset Expenses	\$0.00	
Line 10d	Investment Expenses	\$0.00	
Line 10e	Third-Party Litigation Expenses		
	1. Attorney Fees	\$0.00	
	2. Litigation Expenses	\$0.00	
	Total Third-Party Litigation Expenses	\$0.00	
Line 10f	Tax Administrator Fees and Bonds	\$0.00	
Line 10g	Federal and State Tax Payments	\$0.00	
	Total Disbursements for Receivership Operations	\$8,605.56	
Line 11	Disbursements for Distribution Expenses Paid by the Fund:		
Line 11a	Distribution Plan Development Expenses:		
	1. Fees:	\$0.00	
	Fund Administrator		
	Independent Distribution Consultant (IDC)		
	Distribution Agent		
	Consultants		
	Legal Advisers		
	Tax Advisers		
	2. Administrative Expenses	\$0.00	
	3. Miscellaneous	\$0.00	
	Total Plan Development Expenses	\$0.00	

Line 11b	Distribution Plan Implementation Expenses:		
	1. Fees:	\$0.00	
	Fund Administrator		
	IDC		
	Distribution Agent		
	Consultants		
	Legal Advisers		
	Tax Advisers		
	2. Administrative Expenses	\$0.00	
	3. Investor Identification:	\$0.00	
	Notice/Publishing Approved Plan		
	Claimant Identification		
	Claims Processing		
	Web Site Maintenance/Call Center		
	4. Fund Administrator Bond	\$0.00	
	5. Miscellaneous	\$0.00	
	6. Federal Account for Investor Restitution	\$0.00	
	(FAIR) Reporting Expenses	\$0.00	
	<i>Total Plan Implementation Expenses</i>	\$0.00	
	Total Disbursements for Distribution Expenses Paid by the Fund	\$0.00	
Line 12	Disbursements to Court/Other:		
	<i>Investment Expenses/Court Registry Investment System</i>		
Line 12a	<i>(CRIS) Fees</i>	\$0.00	
Line 12b	<i>Federal Tax Payments</i>	\$0.00	
	Total Disbursements to Court/Other	\$0.00	
	Total Funds Disbursed (Lines 9 - 12):		\$8,605.56
Line 13	Ending Balance (As of 12/31/2017):		\$2,520,998.04
Line 14	Ending Balance of Fund - Net Assets:		
Line 14a	<i>Cash & Cash Equivalents</i>	\$2,520,998.04	
Line 14b	<i>Investments</i>	\$0.00	
Line 14c	<i>Other Assets or Uncleared Funds</i>	\$0.00	
	Total Ending Balance of Fund - Net Assets		\$2,520,998.04
Other Supplemental Information:			
		Detail	Subtotal Grand Total
	Report of Items NOT To Be Paid by the Fund:		
Line 15	Disbursements for Plan Administration Expenses Not Paid by the Fund:		
Line 15a	Plan Development Expenses Not Paid by the Fund:		
	1. Fees:	\$0.00	
	Fund Administrator		
	IDC		
	Distribution Agent		

	Consultants		
	Legal Advisers		
	Tax Advisers		
	2. Administrative Expenses	\$0.00	
	3. Miscellaneous	\$0.00	
	<i>Total Plan Development Expenses Not Paid by the Fund</i>	\$0.00	
Line 15b	<i>Plan Implementation Expenses Not Paid by the Fund:</i>		
	1. Fees:	\$0.00	
	Fund Administrator		
	IDC		
	Distribution Agent		
	Consultants		
	Legal Advisers		
	Tax Advisers		
	2. Administrative Expenses	\$0.00	
	3. Investor Identification:	\$0.00	
	Notice/Publishing Approved Plan		
	Claimant Identification		
	Claims Processing		
	Web Site Maintenance/Call Center		
	4. Fund Administrator Bond	\$0.00	
	5. Miscellaneous	\$0.00	
	6. FAIR Reporting Expenses	\$0.00	
	<i>Total Plan Implementation Expenses Not Paid by the Fund</i>	\$0.00	
Line 15c	<i>Tax Administrator Fees and Bonds Not Paid by the Fund</i>	\$0.00	
	Total Distributions for Plan Administration Expenses Not Paid by the Fund	\$0.00	
Line 16	Disbursements to Court/Other Not Paid by the Fund:		
	<i>Investment Expenses/Court Registry Investment System</i>		
Line 16a	<i>(CRIS) Fees</i>	\$0.00	
Line 16b	<i>Federal Tax Payments</i>	\$0.00	
	Total Disbursements to Court/Other Paid by the Fund:	\$0.00	
Line 17	DC & State Tax Payments	\$0.00	
Line 18	No. of Claims:		
Line 18a	<i># of Claims Received This Reporting Period</i>	0	
Line 18b	<i># of Claims Received Since Inception of Fund</i>	468	
Line 19	No. of Claimants/Investors:		
Line 19a	<i># of Claimants/Investors Paid This Reporting Period</i>	0	
Line 19b	<i># of Claimants/Investors Paid Since Inception of Fund</i>	429	

	Receiver: <u>National Note of Utah</u>
	By: <u>Wayne Klein</u>
	(signature)
	<u>Wayne Klein</u>
	(printed name)
	<u>Receiver</u>
	(title)
	Date: <u>January 12, 2018</u>

NNU SFAR - 4th Quarter 2017							
Line Breakdown							
	Line 2	Line 4	Line 5	Line 6	Line 7	Line 8	Total
Rent Received	\$0.00						
Overpaid Investors					\$17,300.00		
National Note			\$90,000.00	\$0.00	\$0.00		
Real Estate Holding			\$381,921.51				
Royalties Received						\$0.00	
Interest		\$284.30					
Refunds						\$0.00	
Witness Fees						\$0.00	
Advances by Receiver							
	\$0.00	\$284.30	\$471,921.51	\$0.00	\$17,300.00	\$0.00	\$489,505.81
	Line 10a	Line 10b	Line 10f	Line 10e-1	Line 10e-2	Line 11b-3	Total
Receivership Expenses	\$0.00	\$8,605.66	\$0.00	\$0.00	\$0.00	\$0.00	
Refund Deposit from Prior Period		\$0.00					
Adjustment - NNU Account		-\$0.10					
	\$0.00	\$8,605.56	\$0.00	\$0.00	\$0.00	\$0.00	\$8,605.56
	Line 14a						
National Note	\$105,096.33						
Savings	\$122,971.35						
High-Yield Operating	\$859,520.22						
Real Estate Holding	\$59,552.40						
High-Yield Real Estate	\$1,373,857.74						
	<u>\$2,520,998.04</u>						

Created by James Shupe on 1/11/2018